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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Chief, D/S

DATE: 9 September 1953

FROM : Chief, S/L

SUBJECT: Reorganization.

This memorandum is to summarize the objections which I have stated from time to time to the proposed merger of Labor and Population Branch with the Organizations Branch.

1. I wish to make it clear at the outset that I am heartily in favor of the plan to assign definite responsibility to some branch in ORR for processing intelligence about every ministry in the USSR. Since, however, there is no Ministry of Labor and no Ministry of Organizations, the proposal to consolidate Labor, Population and Organizations is not necessitated by ministerial considerations.

2. Several ministries and main administrations deal with population and labor matters—notably the Ministry of Culture, the Gulag Administration of Justice, Ministry of Internal Affairs (population registration) and the Ministry of Finance (wage fund, and labor assignment). If these and only these were assigned to the Labor Branch, some important aspects of population and labor would be covered, but not all of them. Since labor is one of the main factors of production, questions relating to labor matters are handled by every ministry and the policies are coordinated by Gosplan, the Council of Ministers, the labor unions and the Party. Complete coverage of the field of labor and population demands coverage of labor information from all sources, including agencies other than ministries.

3. Even if each industry and materials branch be charged with the responsibility for developing employment information relating to its own products, no machinery would exist for coordinating the total employment picture and relating it to the population trends.

4. The arrangement according to ministries proposed in the chart which you prepared September 1, would leave uncovered certain functions which relate in a general way to labor, but have tenuous ministerial connections. The non-material level of living of labor is affected by a variety of services, some of which are controlled by industries or local governments. Among these services are the technicums or technical high schools, nurseries for working mothers, recreational facilities, local services such as street repair and cleaning, water supply, fire protection, libraries, museums, etc. Some of the functions described

in this paragraph have not been fully enough covered by the Labor Branch in the past, largely because of lack of staff. Comprehensive coverage would, however, require their inclusion somewhere in the program, and the proposed expansion of the branch should make it possible to pay more attention to some of these matters.

5. The proposed combination of the Labor and Organizations Branches also raises some serious organizational problems. The two branches together would make awkward and unwieldy group. The programs of the two branches are dissimilar. Apart from that performance of the mission of the Labor Branch would be made more difficult by the insertion of an additional administrative layer between the branch and the sources of planning and policy decisions.

There is only one point at which the two branches may seemingly overlap, namely, labor management, as it relates to industrial management. In the USSR, however, labor, on the one hand, is controlled not only by plant managers and, on the other hand, the work of the latter includes more than management of labor, viz plant layout, finance, materials management, etc. For both reasons, it appears desirable to continue the system of separate treatment of management of manpower from other factors involved in production. This would only follow general usage which takes the fact into account that management of human beings and of lifeless machines and money involve very different problems and facts.

6. In concluding, it may be pointed out that the record established by the branch also appears to support the view that it should be continued as a separate entity. Measured by published reports completed in due time, it compares favorably with that of any other comparable branch in ORR. This result has been due primarily to the devoted work of the small staff of experienced experts recruited during the four years of the existence of the branch who have shown a keen interest in their tasks and have developed into an efficient team trained to solve the special problems assigned to the branch. The existence of this team and its esprit de corps are assets which are likely to be jeopardized by any reorganization breaking it up as a separate group. However, if it is allowed to continue working in the present manner, it can be reasonably expected to maintain the good record and even to improve it, now that it is planned to add more analysts.

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